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FM AMEMBASSY SEOUL  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9034  
INFO RUEHLO/AMEMBASSY LONDON IMMEDIATE 0980  
RUCPDOC/DEPT OF COMMERCE WASHDC IMMEDIATE 1768  
RUEATRS/DEPT OF TREASURY WASHINGTON DC IMMEDIATE  
RHEHNSC/NSC WASHINGTON DC IMMEDIATE

S E C R E T SEOUL 000573

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STATE FOR EEB/ESC/TFS, ISN/CPI, EEB/OTF, EAP/K  
NSC FOR PAN AND CHANG  
TREASURY FOR OFAC  
COMMERCE FOR OEE

E.O. 12958: DECL: 03/20/2017

TAGS: KNNP MNUC PARM IR KS

SUBJECT: ROKG RESPONSE TO TEMPORARY DENIAL ORDER ON  
TRANSFER OF BOEING 747 AIRCRAFT TO MAHAN AIR

REF: A. STATE 18255  
    1B. SEOUL 363  
    1C. STATE 21134  
    1D. SEOUL 422  
    1E. STATE 29431

Classified By: DCM Bill Stanton, reasons 1.4 (b,d).

11. (S/NF) Emboffs delivered reftel demarche to the Ministry of Foreign Affairs and Trade's (MOFAT) Disarmament and Nonproliferation Division Director Lee Jang-keun on March 21. Director Lee said he would urge the relevant ROK authorities and business interests to cooperate with this request and fully comply with the temporary denial order (TDO). He seemed confident that an ROKG interagency meeting later the same day would yield positive interim solutions to keep the aircraft on the ground. (Note: Lee repeatedly stressed the "interim" nature of ROKG actions, because he believes final disposition of the case lies in the hands of the Balli Group, a UK-based company. End note.)

12. (S/NF) Lee asked Emboffs to convey to Washington the ROKG's concerns about the economic consequences of the TDO on Korean businesses that have largely completed their contractual obligations to service two of the three aircraft. Lee stressed that these companies may incur contractual penalties for halting work and additional business costs associated with the storage of the aircraft. Lee anticipated that the firms could complain about their exclusive shouldering of these costs and may therefore request compensation from the ROKG. In light of this prospect, Lee asked Emboffs to keep in close contact with his office regarding any fast-breaking developments.

13. (S/NF) To facilitate MOFAT's ongoing interagency discussions with the Ministry of Construction and Transportation and the National Intelligence Service, Director Lee requested that the USG make its best effort to provide no later than March 27 (before their next interagency meeting):

--A read-out of our London consultations on this issue.

--U.S. advice on whether Korean businesses can accept payments due to them contractually for services rendered to date.

--U.S. guidance in the event Balli Group requests permission

to fly to the United States, the United Kingdom, or other Allied Coalition destination.

¶4. (S/NF) In closing, Lee advised that MOFAT will likely call in the UK mission in Seoul for consultations on this case in the near future.

VERSHBOW